

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6854**

**BILL NUMBER:** HB 1165

**NOTE PREPARED:** Dec 31, 2005

**BILL AMENDED:**

**SUBJECT:** Use of CAGIT Revenue.

**FIRST AUTHOR:** Rep. Friend

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill provides that County Adjusted Gross Income Tax (CAGIT) revenue in Elkhart and Marshall Counties may also be used to operate and maintain jail facilities, juvenile court, detention, and probation facilities, other criminal justice facilities, and related buildings and parking facilities (in addition to the financing, construction, acquisition, renovation, and equipment of those facilities permitted under existing law).

**Effective Date:** January 1, 2006 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:* Elkhart and Marshall Counties would be allowed to use the revenue generated from the additional 0.25% CAGIT jail rate for jail operation and maintenance expenditures in addition to capital expenditures. Current law requires their CAGIT rates to return to 1.00% when construction and financing for their jails have been completed. Therefore, these counties would not receive any additional revenue from their CAGIT jail rates to cover jail operational expenses in years after all bonds for construction have been retired.

**Explanation of Local Revenues:** *Background Information:* Elkhart and Marshall Counties raised their CAGIT rates (both were 1.00%) in FY 2004 by 0.25% for jail construction. The following table illustrates the rates and CAGIT certified distributions for CY 2006 in both counties.

<b>County</b>	<b>FY 2006 Rate</b>	<b>CY 2006 CAGIT Certified Distribution*</b>	<b>CY 2006 Jail Portion of CAGIT</b>	<b>CY 2006 CAGIT County Certified Share</b>
Elkhart	1.25%	\$44,411,610	\$8,882,322	\$10,731,683
Marshall	1.25%	\$9,304,992	\$1,860,998	\$2,435,745
*Elkhart and Marshall Counties both devote 25% of their certified distribution to property tax replacement. The remaining 75% of their distributions are split into certified shares.				

**State Agencies Affected:**

**Local Agencies Affected:** Elkhart County; Marshall County.

**Information Sources:** State Budget Agency; Elkhart County Auditor; LOGODABA.

**Fiscal Analyst:** Chris Baker, 317-232-9851.